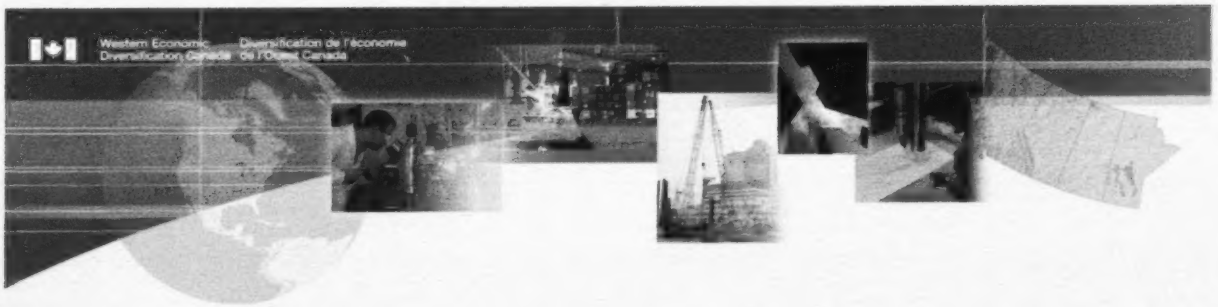

WESTERN ECONOMIC DIVERSIFICATION CANADA
FUTURE-ORIENTED STATEMENT OF OPERATIONS
(unaudited)
FOR THE YEAR ENDING MARCH 31

Canada

Western Economic Diversification Canada

Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

(in dollars)

	Forecast results 2017-18	Planned results 2018-19
Expenses		
Business Growth	$ 0	$ 49,003,324
Business Services	0	45,657,675
Innovation	0	34,706,131
Internal Services	14,537,688	13,471,736
Community Initiatives	0	1,676,145
Business Development and Innovation	109,591,350	0
Community Economic Growth	95,360,691	0
Policy, Advocacy and Coordination	10,780,294	0
Expenses incurred on behalf of government	(22,295,062)	(1,117,638)
Total expenses	**207,974,961**	**143,397,373**
Revenues		
Amortization of discount	0	373,024
Interest	69,933	89,291
Other	7,814	2,274
Revenues earned on behalf of government	(69,987)	(462,375)
Total revenues	**7,760**	**2,214**
Net cost of operations before government funding and transfers	**$ 207,967,201**	**$ 143,395,159**

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

Western Economic Diversification Canada

Notes to the Future-Oriented Statement of Operations (unaudited)

For the year ending March 31

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2017–18 is based on actual results as at November 30, 2017 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2018–19.

The main assumptions underlying the forecasts are as follows:

- The department's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.
- Allowances for uncollectible accounts are based on historical experience. The general historical pattern is expected to continue.

These assumptions are made as at November 30, 2017.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2017–18 and for 2018–19, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, Western Economic Diversification Canada (WD) has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;
- interest rates in effect at the time of issue, which will affect the net present value of non-interest bearing loans; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, WD will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2017–18, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Expenses

WD records expenses on an accrual basis.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

b) Revenues

Revenues from regulatory fees are recognized in the accounts based on the services provided in the fiscal year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

Funds that have been received are recorded as deferred revenue, provided WD has an obligation to other parties for the provision of goods, services or the use of assets in the future.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge WD's liabilities. Although the deputy head is expected to maintain accounting control, he has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of WD's gross revenues.

4. Parliamentary authorities

WD is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to WD differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, WD has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to requested authorities

	Forecast results 2017-18	Planned results 2018-19
	(in dollars)	
Net cost of operations before government funding and transfers	$ 207,967,201	$ 143,395,159
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(25,028)	(17,130)
Gain on disposal of tangible capital assets	7,760	2,214
Services provided without charge by other government departments	(5,295,684)	(5,260,376)
(Increase) decrease in vacation pay and compensatory leave	(55,441)	46,540
Decrease (increase) in employee future benefits	55,997	(178,465)
Decrease in accrued liabilities not charged to authorities	378,539	568,394
Refunds of previous years' expenditures	11,735	184,398
Total items affecting net cost of operations but not affecting authorities	(4,922,122)	(4,654,425)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Transition payments for implementing salary payments in arrears	2,049	0
Unconditionally repayable transfer payments	22,047,994	10,822,644
Total items not affecting net cost of operations but affecting authorities	22,050,043	10,822,644
Forecast current year lapse	6,979,580	0
Requested authorities	**$ 232,074,702**	**$ 149,563,378**

b) Authorities requested

	Forecast results 2017-18	Planned results 2018-19
	(in dollars)	
Authorities requested		
Vote 1 - Operating expenditures	$ 38,617,715	$ 35,965,364
Vote 5 - Transfer payments	189,690,082	109,773,000
Statutory amounts	3,766,905	3,825,014
Total authorities requested	**$ 232,074,702**	**$ 149,563,378**